

DIRECT TESTIMONY

of

BURMA C. JONES

Accountant  
Accounting Department  
Financial Analysis Division  
Illinois Commerce Commission

Proposed General Increase in Gas Rates

Central Illinois Public Service Company, d/b/a AmerenCIPS  
and  
Union Electric Company, d/b/a AmerenUE

Docket Nos. 02-0798/03-0008/03-0009 (Consolidated)

April 2, 2003

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1     Witness and Schedule Identification

2     Q.     Please state your name and business address.

3

4     A.     My name is Burma C. Jones. My business address is 527 East Capitol  
5            Avenue, Springfield, Illinois 62701.

6     Q.     By whom are you employed and in what capacity?

7

8     A.     I am currently employed as an Accountant in the Accounting Department  
9            of the Financial Analysis Division of the Illinois Commerce Commission  
10           ("Commission").

11    Q.     Please describe your professional background and affiliations.

12

13    A.     I am a licensed Certified Public Accountant with a Bachelor of Arts in  
14            Accountancy from Sangamon State University, which is now known as the  
15            University of Illinois at Springfield. I joined the Staff of the Illinois  
16            Commerce Commission ("Staff") in October 1999. My prior accounting  
17            experience includes five years as the Assistant Controller for a mid-size  
18            retail business and two and a half years on the accounting staff of the  
19            Illinois Office of the Comptroller.

20 Q. Have you previously testified before any regulatory bodies?

21

22 A. Yes, I have testified on several occasions before the Illinois Commerce  
23 Commission.

24 Q. What is the purpose of your testimony in this proceeding?

25

26 A. The purpose of my testimony is to present Staff's adjusted operating  
27 statement and rate base for Central Illinois Public Service Company  
28 ("CIPS" or "Company") and for Union Electric Company ("UE" or  
29 "Company"), and to propose various adjustments to the respective  
30 operating statements.

31 Q. Are you sponsoring any schedules as part of ICC Staff Exhibit 1.0?

32

33 A. Yes, I prepared the following schedules for the Company, which show  
34 data as of, or for the test year ending, June 30, 2002:

35 REVENUE REQUIREMENT SCHEDULES

36 Schedules 1.1CIPS & 1.1UE Statement of Operating Income with  
37 Adjustments

38 Schedules 1.2CIPS & 1.2UE Adjustments to Operating Income

39 Schedules 1.3CIPS & 1.3UE Rate Base

40	Schedules 1.4CIPS & 1.4UE	Adjustments to Rate Base
41	Schedules 1.5CIPS & 1.5UE	Interest Synchronization Adjustment
42	Schedules 1.6CIPS & 1.6UE	Gross Revenue Conversion Factor
43		
44	<u>ADJUSTMENT SCHEDULES</u>	
45	Schedules 1.7CIPS & 1.7UE	Outside Services Expense Adjustment
46	Schedules 1.8CIPS & 1.8UE	Rate Case Expense Adjustment
47	Schedules 1.9CIPS & 1.9UE	Wage Expense Adjustment
48	Schedules 1.10CIPS & 1.10UE	Pension Expense Adjustment
49	Schedules 1.11CIPS & 1.11UE	Incentive Compensation Expense
50		Adjustment
51	Schedules 1.12CIPS & 1.12UE	Early Retirement Labor Expense
52		Adjustment

53 Revenue Requirement

54 Q. Please describe ICC Staff Exhibit 1.0, Schedule 1.1, Statement of  
55 Operating Income with Adjustments.

56

57 A. Schedule 1.0 derives the required revenue at Staff's proposed rate of  
58 return. Column (B) presents the Company's pro forma operating  
59 statement at present rates for the test year as reflected on Company  
60 Schedules C-2 and C-3. Column (C) reflects the total of all Staff  
61 adjustments shown on ICC Staff Exhibit 1.0, Schedule 1.2. Column (D)

reflects the Company's operating statement at present rates after Staff's adjustments. Column (E) presents the Company's proposed increase to revenue. Column (F) adjusts revenue to reflect Staff's Gross Revenue Conversion Factor. Column (G) is Staff's operating statement inclusive of the Company's proposed revenue increase. Column (H) is the necessary reduction from the Company's proposed revenues, adjusted for Staff's Gross Revenue Conversion Factor, to arrive at Staff's computed revenue requirement as reflected in Column (I). Net Operating Income in Column (I), line 25, is the product of Rate Base, line 26, and Rate of Return, line 27. Column (I), line 28, is the difference between the Company's current operating revenues and Staff's proposed operating revenues. Column (I), line 29, is Staff's calculated percentage change in operating revenues.

Q. Please describe ICC Staff Exhibit 1.0, Schedule 1.2, Adjustments to Operating Income.

A. Schedule 1.2 identifies Staff's adjustments to operating income. The source of each adjustment is shown in the heading of each column. Column (Q) is carried forward to ICC Staff Exhibit 1.0, Schedule 1.1, Column (C).

81 Q. Please describe ICC Staff Exhibit 1.0, Schedule 1.3, Rate Base.

82

83 A. Schedule 1.3 compiles Staff's rate base. Column (B) reflects the  
84 Company's proposed rate base. Column (C) summarizes Staff's  
85 adjustments to rate base. Column (D) is the net of Columns (B) and (C),  
86 and reflects Staff's proposed rate base.

87 Q. Please describe ICC Staff Exhibit 1.0, Schedule 1.4, Adjustments to Rate  
88 Base.

89

90 A. Schedule 1.4 identifies Staff's adjustments to rate base. The source of  
91 each adjustment is shown in the heading of each column. Column (I) is  
92 carried forward to ICC Staff Exhibit 1.0, Schedule 1.3, Column (C).

93 Interest Synchronization Adjustment

94 Q. Please explain ICC Staff Exhibit 1.0, Schedule 1.5, Interest  
95 Synchronization Adjustment.

96

97 A. Schedule 1.5 computes the interest component of the revenue  
98 requirement. The interest expense (component) is computed by  
99 multiplying the rate base by weighted cost of debt. The calculated interest



expense is then compared against the interest expense used by the Company in its computation of test year income tax expense. The tax effect of the difference in interest expense is the adjustment for interest synchronization. The effect of this adjustment is to ensure that the revenue requirement reflects the tax savings generated by the interest component included within the revenue requirement.

Gross Revenue Conversion Factor

Q. Please describe ICC Staff Exhibit 1.0, Schedule 1.6, Gross Revenue Conversion Factor.

A. Schedule 1.6 presents Staff's proposed gross revenue conversion factor ("GRCF"). It is based upon the applicable federal tax rate, state income tax rate, and uncollectible rate. The GRCF is multiplied by the operating income deficiency to determine the total amount of revenue required for the income deficiency and the associated increase in income tax expense and uncollectible expense. The GRCF is used in the calculation of revenue requirements in Columns (F) through (H) of ICC Staff Exhibit 1.0, Schedule 1.1.

Q. Is Staff proposing any adjustment to the GRCF as presented by the

119 Company?

120

121 A. Yes. Staff witness Ebrey is proposing an adjustment to the uncollectibles  
122 rate for CIPS and UE, respectively. The adjustments are discussed in ICC  
123 Staff Exhibit 3.0 and presented on Schedules 3.3 CIPS and 3.3 UE.

124 Outside Services

125 Q. Please describe ICC Staff Exhibit 1.0, Schedule 1.7, Outside Services  
126 Expense Adjustment.

127

128 A. Schedule 1.7 reflects my adjustment to outside services expense to  
129 correct errors made by the Company in calculating the amount of test year  
130 expense. In researching the response to a data request concerning  
131 outside services, the Company discovered that the allocation factor used  
132 to calculate the jurisdictional amount applicable to gas services in Illinois  
133 was incorrect and that the Miscellaneous category was overstated. The  
134 Company provided a corrected amount. The effect of the adjustment is a  
135 decrease to test year operating expense.

136 Rate Case Expense

137 Q. Please describe ICC Staff Exhibit 1.0, Schedule 1.8, Rate Case Expense  
138 Adjustment.

139

140 A. Schedule 1.8 reflects my adjustment to rate case expense to correct the  
141 allocation of unamortized rate case expenses from the prior rate case and  
142 to change the amortization period for rate case expenses from three years  
143 to five years.

144 Q. Please explain your adjustment to correct the allocation of unamortized  
145 rate case expenses from the prior rate case.

146

147 A. In the prior rate case, Docket No. 98-0545 for CIPS and Docket No. 98-  
148 0546 for UE, the rate case expenses were split between the companies  
149 based on their relative total revenues. In the current rate case, the  
150 expenses have been split equally, including the unamortized portion from  
151 the prior rate case. The result is that CIPS will pay less and UE will pay  
152 more of the rate case expenses incurred in the prior rate case. In my  
153 opinion, it is inappropriate for the Company to change the allocation  
154 method and amount of rate case expense for each Company as approved  
155 by the Commission in the previous docket. My adjustment corrects  
156 unamortized prior rate case expense for each Company to reflect the

157 allocation method and amount that was approved in the previous rate  
158 case.

159 Q. Please explain your adjustment to the amortization period for rate case  
160 expense.

161

162 A. CIPS and UE propose to spread rate case expense over a three-year  
163 period. The most recent rate case for each Company was in 1998. Prior  
164 to that, CIPS conducted rate cases in 1991, 1990, and 1982. Union  
165 Electric Company's rate case prior to 1998 was in 1984. Based on the  
166 history of rate case filings and the fact that the rates set in this proceeding  
167 will be in effect until the next rate case, I believe that a five-year period is  
168 more appropriate than a three-year period. Five years is the average time  
169 period between rate case filings since 1982 for CIPS. Five years is also  
170 the approximate length of time between when the Order was entered in  
171 the prior rate case for each Company and when the Order will be entered  
172 for the current proceedings.<sup>1</sup>

173 Wage Expense

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<sup>1</sup> CIPS, ICC Docket No. 98-0545. UE, ICC Docket No. 98-0546. Orders entered February 18, 1999.

174 Q. Please describe ICC Staff Exhibit 1.0, Schedule 1.9, Wage Expense  
175 Adjustment.  
176

177 A. Schedule 1.9 reflects my adjustment to reduce the Company's test year  
178 pro forma wage expense and the associated payroll tax expense for a pay  
179 increase in 2003 that is not reasonably certain. Wage expense in the  
180 Company's filing assumes a 3% pay increase in July 2003 for contract  
181 labor and a 3.87% pay increase in April 2003 for management labor.

182 Q. Why are you disallowing the 2003 pay increase for contract labor?  
183

184 A. The 2003 pay increase for contract labor does not reflect a known and  
185 measurable change. 83 Ill. Adm. Code 285.150 states:

186 A utility may propose pro forma adjustments (estimated or  
187 calculated adjustments made in the same context and format  
188 that the affected information was provided) to the selected  
189 Historical or Current Test year for all known and measurable  
190 changes in the operating results of the Test Year. These  
191 adjustments shall reflect significant changes (changes  
192 affecting the ratepayers) in plant investment, operating reve-  
193 nues, expenses and capital structure where such changes  
194 occurred during the selected Historical or Current Test Year  
195 or are reasonably certain to occur subsequent to the  
196 selected Test Year within 12 months from the filing date of  
197 the tariffs and the amount of the changes are determinable.

198 The 2003 pay increase for contract employees falls within the allotted time

199 frame for pro forma adjustments. However, the pay increase is not  
200 reasonably certain, nor is it determinable. Based on the Company's  
201 responses to Staff data requests,<sup>2</sup> I calculate that contracts covering  
202 approximately 89% of contractual employees are set to expire on or  
203 before June 30, 2003. As of February 7, 2003, 1) no new contracts have  
204 been signed, 2) no negotiations have begun on any of the contracts that  
205 cover CIPS and UE employees, and 3) the Company has made no wage  
206 offers.<sup>3</sup> According to the Company, the 3% wage increase is simply an  
207 estimate based upon industry trends.<sup>4</sup> The wage increase for 2003 should  
208 be disallowed as it does not reflect a known and measurable change as  
209 required by 83 Ill. Adm. Code 285.150.

210 Q. Why are you disallowing the 2003 pay increase for management labor?

211  
212 A. I am disallowing the 2003 pay increase for management labor because  
213 the Company implemented a wage freeze for all management employees  
214 in 2003. The wage freeze, which was announced in a news release in  
215 November 2002, was authorized by the Human Resources Committee of  
216 the Board of Directors, in conjunction with the Executive Team. It applies

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<sup>2</sup> Company response to Staff data request CIPS-003 and UE-003.

<sup>3</sup> Company response to Staff data request CIPS&UE-BCJ-3.08.

217 to all management employees. The Company should not be allowed to  
218 increase management labor expenses for 2003 wage increases that it  
219 does not expect to incur.

220 Pension Expense

221 Q. Please describe ICC Staff Exhibit 1.0, Schedule 1.10, Pension Expense  
222 Adjustment.

223

224 A. Schedule 1.10 presents my proposed disallowance of expense related to a  
225 supplemental retirement plan and to survivor's benefits under the deferred  
226 compensation plan, both of which the Company maintains for a few highly  
227 paid individuals. The plans provide benefits in addition to benefits  
228 provided under the Retirement Plan that covers all Company employees.  
229 Per a 2002 proxy statement:

230 In certain cases pension benefits under the Retirement Plan  
231 are reduced to comply with maximum limitations imposed by  
232 the Internal Revenue Code. A Supplemental Retirement  
233 Plan is maintained by Ameren to provide for a supplemental  
234 benefit equal to the difference between the benefit that  
235 would have been paid if such Code limitations were not in  
236 effect and the reduced benefit payable as a result of such  
237 Code limitations. The Plan is unfunded and is not a qualified  
238 plan under the Internal Revenue Code.<sup>5</sup>

(..continued)

<sup>4</sup> Id.

<sup>5</sup> Notice of Annual Meeting of Stockholders and Proxy Statement of Central Illinois Public Service

Benefits in excess of what is allowed under the Internal Revenue Code provide no additional value to ratepayers. The expense incurred for the unqualified plans is not deductible for tax purposes, and no assets have been set aside to provide for payments. Benefit payments to a participant are on a current disbursement basis from the general assets of the participant's employer.

The Commission did not allow the cost of supplemental retirement plans in the revenue requirements of prior rate cases for CIPS and UE.<sup>6</sup> It is my opinion that the cost of these plans should be excluded from the test year in this proceeding.

Incentive Compensation

Q. Please describe ICC Staff Exhibit 1.0, Schedule 1.11, Incentive Compensation Adjustment.

A. Schedule 1.11 presents my proposed adjustment to operating expense to disallow labor and the associated payroll tax expense related to incentive compensation payouts under the following plans:

(..continued)

Company provided in response to Staff data request CIPS-058.

<sup>6</sup> CIPS – Order in Docket No. 98-0545, p. 7. UE – Order in Docket No. 98-0546, p. 7.

CIPS – Order in Docket No. 91-0193, pp. 83-84.



- 256                   • 2002 Ameren Incentive Plan (“AIP”) – contract employees
- 257                   • 2002 Ameren Management Incentive Plan (“AMIP”)
- 258                   • 2002 Ameren Executive Incentive Plan (“EIP”)

259           Q.     Please explain your reasons for disallowing the amounts associated with  
260                   incentive compensation.

261

262           A.     I am disallowing the costs associated with incentive compensation  
263                   because:

264                   1) the plan is dependent upon financial goals of the Company that  
265                   primarily benefit shareholders;

266                   2) ratepayers would have provided funding even if no cost were  
267                   incurred by the Company because plan goals were not met;

268                   3) the plan is discretionary and may be discontinued at any time; and

269                   4) prior Commission precedent supports the disallowance of incentive  
270                   compensation.

271           Q.     Explain how the plan is dependent upon financial goals of the Company  
272                   that primarily benefit shareholders.

273

274       A.     Each of the incentive compensation plan (“ICP”) documents provided in  
275             response to Staff data request CIPS&UE-BCJ-3.07 indicates that Ameren  
276             must achieve certain levels of financial success, as measured by earnings  
277             per share (“EPS”), to have money available to fund the ICP. EPS target  
278             levels are set by the Human Resources Committee of the Board of  
279             Directors. “If EPS reaches at least the threshold target level, the  
280             Committee authorizes incentive payments within prescribed ranges based  
281             on individual and business line performance. If EPS fails to reach the  
282             threshold target level, no payments are made.”<sup>7</sup> Thus, the plans are  
283             ultimately dependent on financial performance goals. These types of  
284             goals are based upon circular reasoning; that is, the larger the rate  
285             increase granted, the more success Ameren will have in achieving its  
286             earnings goals, which will enhance its ability to award incentive  
287             compensation. Financial performance goals primarily benefit  
288             shareholders; therefore, shareholders should bear the cost of paying  
289             incentive compensation.

290       Q.     Discuss your concern that ratepayers would have provided funding even if  
291             no costs were incurred by the Company because plan goals were not met.

---

<sup>7</sup> Notice of Annual Meeting of Stockholders and Proxy Statement of Central Illinois Public Service Company provided in response to Staff data request CIPS-058.

292

293       A.     The amount of ICP payments in the test year is based upon the goals  
294             established and the performance achieved for 2001. Ratepayers have no  
295             recourse if Ameren does not achieve its 2001 level in the future. If  
296             incentive compensation is allowed to be recovered through rates,  
297             ratepayers will pay the cost whether or not the Company incurs it. The  
298             Commission has been concerned about this issue in the past:

299                     The Commission is also concerned that if the ICP payments  
300                     are not made, the Company still recovers the cost through  
301                     rates. If the Company's financial goals are not met or if an  
302                     individual's goals are not met, MEC may choose not to pay  
303                     the incentive compensation portion of wages. Under MEC's  
304                     proposal, however, it would still recover the cost through  
305                     rates.<sup>8</sup>

306                     [T]he Commission is concerned that ratepayers are not  
307                     protected if IP fails to achieve the financial goals and  
308                     incentive compensation payments are not made. Under that  
309                     scenario, ratepayers would still pay for the incentive  
310                     compensation plan if IP's position were adopted.<sup>9</sup>

311                     Furthermore, the Commission is not persuaded that  
312                     ratepayers are protected in the event that the targeted return  
313                     on capital investment is not achieved. Under CILCO's  
314                     proposal, ratepayers would still fund the test year level of  
315                     incentive payments even if that level is not achieved. While  
316                     failure to achieve the efficiencies that would result in the  
317                     projected level of incentive payments may penalize individual

---

<sup>8</sup> MidAmerican Energy Company, ICC Docket No. 01-0696, p. 17 (Order entered Sept. 11, 2002).

<sup>9</sup> Illinois Power Company, ICC Docket Nos. 99-0120/99-0134 Cons., p. 44 (Order entered Aug. 25, 1999).

318 managers, ratepayers receive no benefit from this “penalty.”  
319 Shareholders, on the other hand, would benefit.<sup>10</sup>

320 Q. Is the Company committed to continuing the incentive compensation  
321 plans?

322

323 A. The commitment appears to be on a year-to-year basis. The AIP for  
324 contract employees plainly states, “As in past years, Ameren reserves the  
325 right to revise, modify, continue or discontinue this plan beyond the current  
326 plan year.” The letter sent to contract employees in February 2003 that  
327 announced EPS results for 2002 also included the following statement:  
328 “Because of Ameren’s current financial situation and the wage freeze  
329 imposed on management employees, Ameren is not currently planning to  
330 offer the AIP in 2003.” A similar letter sent to management employees  
331 stated that the board voted to continue the management bonus plan in  
332 2003.

333 Q. Does precedent exist to disallow the cost of incentive compensation  
334 programs?

335

---

<sup>10</sup> Central Illinois Light Company, ICC Docket Nos. 99-0119/99-0131 Cons., p. 38 (Order entered Aug. 25, 1999).

A. Yes. The Commission rejected the costs for incentive compensation plans in the following cases:

- MidAmerican Energy Company: Docket Nos. 01-0696, 01-0444 and 99-0534;
- Central Illinois Light Company: Docket Nos. 01-0465/01-0530/01-0637 (Cons.), 99-0119/99-0131 (Cons.), and 94-0040;
- Illinois Power Company: Docket Nos. 01-0432, 99-0120/99-0134 (Cons.), 93-0183, and 91-0147;
- AmerenCIPS and AmerenUE: Docket No. 00-0802;
- Consumers Illinois Water Company: Docket Nos. 95-0641, 95-0307/95-0342 (Cons.); and
- Citizens Utilities Company of Illinois: Docket No. 94-0481.

Early Retirement

Q. Please describe ICC Staff Exhibit 1.0, Schedule 1.12, Early Retirement Labor Expense Adjustment.

A. Schedule 1.12 presents my proposed adjustment to operating income to recognize the effect on labor expense and payroll tax expense of the voluntary retirement program ("VRP") that was offered to certain groups of employees in the latter months of 2002. Seventy-six (76) CIPS

356 employees and one hundred fifty-seven (157) UE employees took  
357 advantage of the program.

358 Q. Explain how the effect of the VRP on labor expense in the test year was  
359 quantified.

360

361 A. To calculate the effect of the voluntary retirements, the Company identified  
362 the actual dollar amount of labor costs by budget and department that  
363 were allocated to CIPS gas operations and UE Illinois gas operations in  
364 2002. The ratio of actual allocated labor dollars to actual total labor  
365 dollars was then multiplied by the potential savings (the 2002 salaries of  
366 the retirees) by budget and department to calculate the potential savings  
367 allocable to each company's gas operations in Illinois.

368 Q. Does the methodology for quantifying the effect of the VRP on labor  
369 expense appear reasonable?

370

371 A. Yes, it does. Most labor expense is for employees who are responsible  
372 for more than just gas operations. Therefore, it was necessary to identify  
373 how much labor expense by budget and department was allocated to gas  
374 operations in order to determine what portion of the retirees' wages for the

375            respective budget and department would no longer be charged to gas  
376            operations.

377            Q.     Why is it appropriate to recognize the effect of the retirements on labor  
378            costs in the test year?

379

380            A.     The retirements meet the requirements for a pro forma adjustment to the  
381            test year as found in 83 Ill. Adm. Code 285.150 (identified previously at  
382            lines 186-198). They represent a significant known and measurable  
383            change that occurred within twelve months of the filing.

384            Conclusion

385            Q.     Does this question end your prepared direct testimony?

386

387            A.     Yes.

**AmerenCIPS**  
**Statement of Operating Income with Adjustments**  
For the Test Year Ending June 30, 2002  
(In Thousands)

Line No.	Description	Company Pro Forma Present (Co. Schs. C-2, C-3, CIPS Ex. No. 10.4)	Staff Adjustments (St. Ex. 1.0 Sch. 1.2 CIPS)	Staff Pro Forma Present (Cols. B+C)	Company Proposed Increase (Co. Schs. C-1, C-6.2)	Staff Gross Revenue Conversion Factor	Proposed Rates With Staff Adjustments (Cols. D+E+F)	Adjustment To Proposed Increase	Staff Pro Forma Proposed (Cols. G+H)
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
1	Operating Revenues	\$ 52,831	\$ -	\$ 52,831	\$ 16,395	\$ (56)	\$ 69,170	\$ (8,747)	\$ 60,423
2	Other Revenues	1,351	-	1,351	-	-	1,351	-	1,351
3	PGA Revenues	86,819	-	86,819	-	-	86,819	-	86,819
4		-	-	-	-	-	-	-	-
5	Total Operating Revenue	141,001	-	141,001	16,395	(56)	157,340	(8,747)	148,593
6	Uncollectible Accounts	1,442	(453)	989	164	(56)	1,097	(58)	1,039
7	Production	1,021	(95)	926	-	-	926	-	926
8	PGA Expenses	87,984	-	87,984	-	-	87,984	-	87,984
9	Gas Storage and Processing	1,701	(72)	1,629	-	-	1,629	-	1,629
10	Transmission	1,013	(90)	923	-	-	923	-	923
11	Distribution	13,907	(1,365)	12,542	-	-	12,542	-	12,542
12	Customer Accounts	2,748	(262)	2,486	-	-	2,486	-	2,486
13	Customer Service	133	(23)	110	-	-	110	-	110
14	Sales	192	(23)	169	-	-	169	-	169
15	Administrative and General	14,363	(2,431)	11,932	-	-	11,932	-	11,932
16	Depreciation and Amortization	7,359	-	7,359	-	-	7,359	-	7,359
17	Taxes Other Than Income	2,272	(173)	2,099	-	-	2,099	-	2,099
18		-	-	-	-	-	-	-	-
19	Total Operating Expense								
20	Before Income Taxes	134,135	(4,987)	129,148	164	(56)	129,256	(58)	129,198
21	State Income Tax	313	256	569	1,185	-	1,754	(634)	1,120
22	Federal Income Tax	972	1,560	2,532	5,266	-	7,798	(2,819)	4,979
23	Deferred Invest. Tax Credits - Net	(162)	-	(162)	-	-	(162)	-	(162)
24	Total Operating Expenses	135,258	(3,171)	132,087	6,615	(56)	138,646	(3,511)	135,135
25	NET OPERATING INCOME	\$ 5,743	\$ 3,171	\$ 8,914	\$ 9,780	\$ -	\$ 18,694	\$ (5,236)	\$ 13,458
26	Staff Rate Base (ICC Staff Exhibit 1.0, Schedule 1.3 CIPS, Column (D))								\$ 162,345
27	Staff Overall Rate of Return (ICC Staff Exhibit 6.0, Schedule 6.1 CIPS)								8.29%
28	Revenue Change (Col. (I) Line 1 minus Col. (D), Line 1)								\$ 7,592
29	Percentage Revenue Change (Col. (I), Line 28 divided by Col. (D), Line 1)								14.37%



**AmerenCIPS**  
**Adjustments to Operating Income**  
For the Test Year Ending June 30, 2002  
(In Thousands)

Line No.	Description	Interest Synchronization (St. Ex. 1.0 Sch. 1.5 CIPS)	Outside Services (St. Ex. 1.0 Sch. 1.7 CIPS)	Rate Case Expense (St. Ex. 1.0 Sch. 1.8 CIPS)	Labor Expense (St. Ex. 1.0 Sch. 1.9 CIPS)	Employee Benefits (St. Ex. 1.0 Sch. 1.10 CIPS)	Incentive Compensation (St. Ex. 1.0 Sch. 1.11 CIPS)	Early Retirement (St. Ex. 1.0 Sch. 1.12 CIPS)	Subtotal Operating Statement Adjustments
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
1	Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Revenues	-	-	-	-	-	-	-	-
3	PGA Revenues	-	-	-	-	-	-	-	-
4		-	-	-	-	-	-	-	-
5	Total Operating Revenue	-	-	-	-	-	-	-	-
6	Uncollectible Accounts	-	-	-	-	-	-	-	-
7	Production	-	-	-	(20)	-	(30)	(45)	(95)
8	PGA Expenses	-	-	-	-	-	-	-	-
9	Gas Storage and Processing	-	-	-	(16)	-	(14)	(42)	(72)
10	Transmission	-	-	-	(19)	-	(25)	(46)	(90)
11	Distribution	-	-	-	(300)	-	(257)	(808)	(1,365)
12	Customer Accounts	-	-	-	(57)	-	(40)	(157)	(254)
13	Customer Service	-	-	-	(3)	-	(6)	(9)	(18)
14	Sales	-	-	-	(5)	-	(7)	(11)	(23)
15	Administrative and General	-	(1,980)	(30)	(73)	(50)	(97)	(173)	(2,403)
16	Depreciation and Amortization	-	-	-	-	-	-	-	-
17	Taxes Other Than Income	-	-	-	(38)	-	(36)	(99)	(173)
18		-	-	-	-	-	-	-	-
19	Total Operating Expense	-	-	-	-	-	-	-	-
20	Before Income Taxes	-	(1,980)	(30)	(531)	(50)	(512)	(1,390)	(4,493)
21	State Income Tax	11	145	2	39	4	37	101	339
22	Federal Income Tax	50	642	10	172	16	166	451	1,507
23	Deferred Invest. Tax Credits - Ne	-	-	-	-	-	-	-	-
24	Total Operating Expense:	61	(1,193)	(18)	(320)	(30)	(309)	(838)	(2,647)
25	NET OPERATING INCOME	\$ (61)	\$ 1,193	\$ 18	\$ 320	\$ 30	\$ 309	\$ 838	\$ 2,647

**AmerenCIPS**  
**Adjustments to Operating Income**  
For the Test Year Ending June 30, 2002  
(In Thousands)

Line No.	Description	Subtotal Operating Statement Adjustments	Uncollectibles Expense (St. Ex. 3.0 Sch. 3.3 CIPS)	Advertising Expense (St. Ex. 3.0 Sch. 3.4 CIPS)	Charitable Contributions (St. Ex. 3.0 Sch. 3.5 CIPS)	Membership Dues (St. Ex. 3.0 Sch. 3.6 CIPS)	Interest on Customer Deposits (St. Ex. 3.0 Sch. 3.7 CIPS)	Income Tax Expense (St. Ex. 3.0 Sch. 3.8 CIPS)	Total Operating Statement Adjustments
	(A)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)
1	Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Revenues	-	-	-	-	-	-	-	-
3	PGA Revenues	-	-	-	-	-	-	-	-
4		-	-	-	-	-	-	-	-
5	Total Operating Revenue	-	-	-	-	-	-	-	-
6	Uncollectible Accounts	-	(453)	-	-	-	-	-	(453)
7	Production	(95)	-	-	-	-	-	-	(95)
8	PGA Expenses	-	-	-	-	-	-	-	-
9	Gas Storage and Processing	(72)	-	-	-	-	-	-	(72)
10	Transmission	(90)	-	-	-	-	-	-	(90)
11	Distribution	(1,365)	-	-	-	-	-	-	(1,365)
12	Customer Accounts	(254)	-	-	-	-	(8)	-	(262)
13	Customer Service	(18)	-	(5)	-	-	-	-	(23)
14	Sales	(23)	-	-	-	-	-	-	(23)
15	Administrative and General	(2,403)	-	-	(23)	(5)	-	-	(2,431)
16	Depreciation and Amortization	-	-	-	-	-	-	-	-
17	Taxes Other Than Income	(173)	-	-	-	-	-	-	(173)
18		-	-	-	-	-	-	-	-
19	Total Operating Expense								
20	Before Income Taxes	(4,493)	(453)	(5)	(23)	(5)	(8)	-	(4,987)
21	State Income Tax	339	33	-	2	-	1	(119)	256
22	Federal Income Tax	1,507	147	2	7	2	3	(108)	1,560
23	Deferred Invest. Tax Credits - Ne	-	-	-	-	-	-	-	-
24	Total Operating Expense:	(2,647)	(273)	(3)	(14)	(3)	(4)	(227)	(3,171)
25	NET OPERATING INCOME	\$ 2,647	\$ 273	\$ 3	\$ 14	\$ 3	\$ 4	\$ 227	\$ 3,171

**AmerenCIPS**  
**Rate Base**  
For the Test Year Ending June 30, 2002  
(In Thousands)

Line No.	Description	Company Pro Forma Rate Base (Co. Sch. B-1)	Staff Adjustments (St. Ex. 1.0 Sch 1.4 CIPS)	Staff Pro Forma Rate Base (Col. B+C)
	(A)	(B)	(C)	(D)
1	Gross Plant in Service	\$ 299,371	\$ (94)	\$ 299,277
2	Accumulated Depreciation	(137,619)	-	(137,619)
3		-	-	-
4	Net Plant	161,752	(94)	161,658
5	Additions to Rate Base			
6	Materials & Supplies	1,381	(318)	1,063
7	Gas Stored Underground & Propane	27,537	(5,464)	22,073
8	Cash Working Capital	8,558	(8,558)	-
9	Deferred Info System Development	102	-	102
10		-	-	-
11		-	-	-
12		-	-	-
13		-	-	-
14		-	-	-
15		-	-	-
16	Deductions From Rate Base		-	
17	Customer Advances	(717)	-	(717)
18	Customer Deposits	(906)	218	(688)
19	Pre-1971 Investment Tax Credits	(2)	-	(2)
20	Accumulated Deferred Income Taxes	(21,144)	-	(21,144)
21		-	-	-
22		-	-	-
23	Rate Base	<u>\$ 176,561</u>	<u>\$ (14,216)</u>	<u>\$ 162,345</u>

**AmerenCIPS**  
**Adjustments to Rate Base**  
For the Test Year Ending June 30, 2002  
(In Thousands)

Line No.	Description	Cash Working Capital (St. Ex. 3.0 Sch. 3.1 CIPS)	Material & Supplies (St. Ex. 3.0 Sch. 3.2 CIPS)	Customer Deposits (St. Ex. 3.0 Sch. 3.7 CIPS)	Underground Storage (St. Ex. 4.0 Sch. 4.1 CIPS)	Plant Held for Future Use (St. Ex. 2.0, Sch. 2.1 )	(Source)	(Source)	Total Rate Base Adjustments
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
1	Gross Plant in Service	\$ -	\$ -	\$ -	\$ -	\$ (94)	\$ -	\$ -	\$ (94)
2	Accumulated Depreciation	-	-	-	-	-	-	-	-
3		-	-	-	-	-	-	-	-
4	Net Plant	-	-	-	-	(94)	-	-	(94)
5	Additions to Rate Base								
6	Materials & Supplies	-	(318)	-	-	-	-	-	(318)
7	Gas Stored Underground & Propane	-	-	-	(5,464)	-	-	-	(5,464)
8	Cash Working Capital	(8,558)	-	-	-	-	-	-	(8,558)
9	Deferred Info System Development	-	-	-	-	-	-	-	-
10		-	-	-	-	-	-	-	-
11		-	-	-	-	-	-	-	-
12		-	-	-	-	-	-	-	-
13		-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15		-	-	-	-	-	-	-	-
16	Deductions From Rate Base	-	-	-	-	-	-	-	-
17	Customer Advances	-	-	-	-	-	-	-	-
18	Customer Deposits	-	-	218	-	-	-	-	218
19	Pre-1971 Investment Tax Credits	-	-	-	-	-	-	-	-
20	Accumulated Deferred Income Taxes	-	-	-	-	-	-	-	-
21		-	-	-	-	-	-	-	-
22		-	-	-	-	-	-	-	-
23	Rate Base	\$ (8,558)	\$ (318)	\$ 218	\$ (5,464)	\$ (94)	\$ -	\$ -	\$ (14,216)

**AmerenCIPS**  
**Interest Synchronization Adjustment**  
For the Test Year Ending June 30, 2002  
(In Thousands)

Line No.	Description	Amount
	(A)	(B)
1	Gross Plant in Service	\$ 162,345 (1)
2	Weighted Cost of Debt	3.310% (2)
3	Synchronized Interest Per Staff	5,374
4	Company Interest Expense	<u>5,528</u> (3)
5	Increase (Decrease) in Interest Expense	<u>(154)</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 7.300%	<u>\$ 11</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	<u>\$ 50</u>

(1) Source: ICC Staff Ex. 1.0, Schedule 1.3 CIPS, Column (D).

(2) Source: ICC Staff Exhibit 6.0, Schedule 6.1 CIPS.

(3) Source: Company Schedule C-6, Column (D).

**AmerenCIPS**  
**Gross Revenue Conversion Factor**  
For the Test Year Ending June 30, 2002  
(In Thousands)

Line No.	Description	Rate	Per Staff With Bad Debts	Per Staff Without Bad Debts
	(A)	(B)	(C)	(D)
1	Revenues		1.000000	
2	Uncollectibles	0.6600%	<u>0.006600</u>	
3	State Taxable Income		0.993400	1.000000
4	State Income Tax	7.3000%	<u>0.072518</u>	<u>0.073000</u>
5	Federal Taxable Income		<u>0.920882</u>	<u>0.927000</u>
6	Federal Income Tax	35.0000%	<u>0.322309</u>	<u>0.324450</u>
7	Operating Income		<u>0.598573</u>	<u>0.602550</u>
8	Gross Revenue Conversion Factor Per Staff		<u>1.670640</u>	<u>1.659613</u>

Central Illinois Public Service Company  
Outside Services Expense Adjustment  
For the Test Year Ending June 30, 2002  
(In Thousands)

Line No.	Description	Amount
(A)	(B)	(C)
1	Outside Services Expense Per Staff	\$ 1,780
2	Outside Services Expense Per Company	3,760
3	Adjustment to A & G Expense	<u>\$ (1,980)</u>

Source:

Line 1 Company Exhibit CIPS-063(f) - Revised.  
Line 2 Company Exhibit CIPS-063(f) - As originally filed.

Central Illinois Public Service Company  
Rate Case Expense Adjustment  
For the Test Year Ending June 30, 2002  
(In Thousands)

Line No. (A)	Description (B)	Rate Case Expense per Staff (C)	Rate Case Expense per Company (D)	Rate Case Expense Adjust. (C-D) (E)
1	Legal Fees	\$ 68	\$ 68	
2	Consultants	150	150	
3	Outside Printing	13	13	
4	Company Witnesses Travel Expense	7	7	
5	Unamortized Prior Rate Case Expense	71	39	
6		<u>\$ 308</u>	<u>\$ 276</u>	
7	Amortization Period in Years	5	3	
8	Amortization Expense Per Year (Line 7/Line 8)	<u>\$ 62</u>	<u>\$ 92</u>	<u>\$ (30)</u>

Source:

Column C, Line 5 Company workpaper WPC-3.14b (\$77,779 x 91.13%).  
Column D Company workpaper WPC-3.14a (expense/2).



Central Illinois Public Service Company  
Wage Expense Adjustment  
For the Test Year Ending June 30, 2002  
(In Thousands)

Line No. (A)	Description (B)	Wage Increase per Staff (C)	Wage Increase per Company (D)	Staff Adjustments	
				Wage Expense (C-D) (E)	Associated Payroll Tax (E*7.65%) (F)
1	Production	\$ 14	\$ 34	\$ (20)	
2	Gas Storage & Processing	13	29	(16)	
3	Transmission	15	34	(19)	
4	Distribution	258	558	(300)	
5	Other -				
6	Customer Accounts	51	108	(57)	
7	Customer Service	3	6	(3)	
8	Sales	3	8	(5)	
9	Administrative & General	53	126	(73)	
10	Total	<u>\$ 410</u>	<u>\$ 903</u>	<u>\$ (493)</u>	<u>\$ (38)</u>

Source:

Column C, Lines 1-4 CIPS workpaper WPC-3.7a, column e1.  
Column C, Line 6-9 CIPS workpaper WPC-3.7a, column e2.  
Column D CIPS workpaper WPC-3.7a, column h.

Central Illinois Public Service Company  
Pension Expense Adjustment  
For the Test Year Ending June 30, 2002  
(In Thousands)

Line No.	Description	Pension Expense Per Staff	Pension Expense Per Company Test Year	Pro Forma Adj.	Pension Expense Adjustment (C-D-E)
(A)	(B)	(C)	(D)	(E)	(F)
1	Pension Plans:				
2	Supplemental Excess	\$ -	\$ 44	\$ (2)	\$ (42)
3	Deferred Compensation-Survivor Benefits	-	6	2	(8)
4	Total	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ (50)</u>

Source:

Column D

CIPS workpaper WPC-3.10u, 3rd column.

Column E

CIPS workpaper WPC-3.10u, last column.

Central Illinois Public Service Company  
Incentive Compensation Expense Adjustment  
For the Test Year Ending June 30, 2002  
(In Thousands)

Line No. (A)	Description (B)	Incentive Compensation Per Staff (C)	Incentive Compensation Per Company (D)	Staff Adjustments	
				Incentive Comp. Expense (C-D) (E)	Associated Payroll Tax (E*7.65%) (F)
1	Production	\$ -	\$ 30	\$ (30)	
2	Gas Storage & Processing	-	14	(14)	
3	Transmission	-	25	(25)	
4	Distribution	-	257	(257)	
5	Other -				
6	Customer Accounts	-	40	(40)	
7	Customer Service	-	6	(6)	
8	Sales	-	7	(7)	
9	Administrative & General	-	97	(97)	
10	Total	<u>\$ -</u>	<u>\$ 476</u>	<u>\$ (476)</u>	<u>\$ (36)</u>

Source:  
Column D

CIPS workpaper WPC-3.7a, column c.

Central Illinois Public Service Company  
Early Retirement Labor Expense Adjustment  
For the Test Year Ending June 30, 2002  
(In Thousands)

Line No. (A)	Description (B)	Annualized 2002 Labor (C)	% of Total (D)	Early Retirement Labor Savings Per Staff (E)	Early Retirement Labor Savings Per Company (F)	Staff Adjustments	
						Labor Expense (C-D) (G)	Associated Payroll Tax (G*7.65%) (H)
1	Gas O & M						
2	Production	\$ 512	4%	\$ (45)	\$ -	\$ (45)	
3	Storage	472	3%	(42)	-	(42)	
4	Transmission	525	4%	(46)	-	(46)	
5	Distribution	9,141	63%	(808)	-	(808)	
6	Cust. Accounts	1,776	12%	(157)	-	(157)	
7	Customer Service	99	1%	(9)	-	(9)	
8	Sales	125	1%	(11)	-	(11)	
9	Admin. & General	1,960	13%	(173)	-	(173)	
10	Total	<u>\$ 14,610</u>	<u>100%</u>	<u>\$ (1,291)</u>	<u>\$ -</u>	<u>\$ (1,291)</u>	<u>\$ (99)</u>

Source:

Col. C	CIPS workpaper WPC-3.7a, col f.
Col. D	Column C/Total Column C.
Col. E, line 10	Supplemental Response to Staff data request CIPS-069, item 3, p. 7.
Col. E, lines 2-9	Column D x Column E, line 10.

**AmerenUE**  
**Statement of Operating Income with Adjustments**  
For the Test Year Ending June 30, 2002  
(In Thousands)

[illegible]

**AmerenUE**  
**Adjustments to Operating Income**  
For the Test Year Ending June 30, 2002  
(In Thousands)

Line No.	Description	Interest Synchronization (St. Ex. 1.0 Sch. 1.5 UE)	Outside Services (St. Ex. 1.0 Sch. 1.7 UE)	Rate Case Expense (St. Ex. 1.0 Sch. 1.8 UE)	Labor Expense (St. Ex. 1.0 Sch. 1.9 UE)	Employee Benefits (St. Ex. 1.0 Sch. 1.10 UE)	Incentive Compensation (St. Ex. 1.0 Sch. 1.11 UE)	Early Retirement (St. Ex. 1.0 Sch. 1.12 UE)	Subtotal Operating Statement Adjustments
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
1	Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Revenues	-	-	-	-	-	-	-	-
3	PGA Revenues	-	-	-	-	-	-	-	-
4		-	-	-	-	-	-	-	-
5	Total Operating Revenue	-	-	-	-	-	-	-	-
6	Uncollectible Accounts	-	-	-	-	-	-	-	-
7	Production	-	-	-	(4)	-	(6)	(9)	(19)
8	PGA Expenses	-	-	-	-	-	-	-	-
9	Gas Storage and Processing	-	-	-	-	-	-	-	-
10	Transmission	-	-	-	(1)	-	(1)	(2)	(4)
11	Distribution	-	-	-	(38)	-	(26)	(92)	(156)
12	Customer Accounts	-	-	-	(9)	-	(6)	(22)	(37)
13	Customer Service	-	-	-	(3)	-	(2)	(7)	(12)
14	Sales	-	-	-	(1)	-	-	(1)	(2)
15	Administrative and General	-	(35)	(43)	(15)	(10)	(17)	(32)	(152)
16	Depreciation and Amortization	-	-	-	-	-	-	-	-
17	Taxes Other Than Income	-	-	-	(5)	-	(4)	(13)	(22)
18		-	-	-	-	-	-	-	-
19	Total Operating Expense	-	-	-	-	-	-	-	-
20	Before Income Taxes	-	(35)	(43)	(76)	(10)	(62)	(178)	(404)
21	State Income Tax	(1)	3	3	6	1	5	13	30
22	Federal Income Tax	(4)	11	14	25	3	20	58	127
23	ITCs	-	-	-	-	-	-	-	-
24	Total Operating Expenses	(5)	(21)	(26)	(45)	(6)	(37)	(107)	(247)
25	NET OPERATING INCOME	\$ 5	\$ 21	\$ 26	\$ 45	\$ 6	\$ 37	\$ 107	\$ 247

**AmerenUE**  
**Adjustments to Operating Income**  
For the Test Year Ending June 30, 2002  
(In Thousands)

Line No.	Description	Subtotal Operating Statement Adjustments	Uncollectibles Expense (St. Ex. 3.0 Sch. 3.3 UE)	Advertising Expense (St. Ex. 3.0 Sch. 3.4 UE)	Income Tax Expense (St. Ex. 3.0 Sch. 3.8 UE)	(Source)	(Source)	(Source)	Total Operating Statement Adjustments
	(A)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)
1	Operating Revenues	\$ -	\$ -	\$ -				\$ -	\$ -
2	Other Revenues	-	-	-	-	-	-	-	-
3	PGA Revenues	-	-	-	-	-	-	-	-
4		-	-	-	-	-	-	-	-
5	Total Operating Revenue	-	-	-	-	-	-	-	-
6	Uncollectible Accounts	-	(297)	-	-	-	-	-	(297)
7	Production	(19)	-	-	-	-	-	-	(19)
8	PGA Expenses	-	-	-	-	-	-	-	-
9	Gas Storage and Processing	-	-	-	-	-	-	-	-
10	Transmission	(4)	-	-	-	-	-	-	(4)
11	Distribution	(156)	-	-	-	-	-	-	(156)
12	Customer Accounts	(37)	-	-	-	-	-	-	(37)
13	Customer Service	(12)	-	(1)	-	-	-	-	(13)
14	Sales	(2)	-	-	-	-	-	-	(2)
15	Administrative and General	(152)	-	-	-	-	-	-	(152)
16	Depreciation and Amortization	-	-	-	-	-	-	-	-
17	Taxes Other Than Income	(22)	-	-	-	-	-	-	(22)
18		-	-	-	-	-	-	-	-
19	Total Operating Expense								
20	Before Income Taxes	(404)	(297)	(1)	-	-	-	-	(702)
21	State Income Tax	30	22	-	(113)	-	-	-	(61)
22	Federal Income Tax	127	96	-	(337)	-	-	-	(114)
23	ITCs	-	-	-	-	-	-	-	-
24	Total Operating Expense:	(247)	(179)	(1)	(450)	-	-	-	(877)
25	NET OPERATING INCOME	\$ 247	\$ 179	\$ 1	\$ 450	\$ -	\$ -	\$ -	\$ 877

**AmerenUE**  
**Rate Base**  
For the Test Year Ending June 30, 2002  
(In Thousands)

Line No.	Description	Company Pro Forma Rate Base (Co. Sch. B-1)	Staff Adjustments (St. Ex. 1.0 Sch 1.4 UE)	Staff Pro Forma Rate Base (Col. B+C)
	(A)	(B)	(C)	(D)
1	Gross Plant in Service	\$ 32,088	\$ -	\$ 32,088
2	Accumulated Depreciation	(15,977)	-	(15,977)
3		-	-	-
4	Net Plant	16,111	-	16,111
5	Additions to Rate Base			
6	Materials & Supplies	47	(11)	36
7	Gas Stored Underground & Propane	1,703	(127)	1,576
8	Cash Working Capital	928	(928)	-
9	Deferred Info System Development	-	-	-
10		-	-	-
11		-	-	-
12		-	-	-
13		-	-	-
14		-	-	-
15		-	-	-
16	Deductions From Rate Base		-	
17	Customer Advances	(147)	-	(147)
18	Customer Deposits	(51)	5	(46)
19	Pre-1971 Investment Tax Credits	(13)	-	(13)
20	Accumulated Deferred Income Taxes	(1,734)	-	(1,734)
21		-	-	-
22		-	-	-
23	Rate Base	<u>\$ 16,844</u>	<u>\$ (1,061)</u>	<u>\$ 15,783</u>



**AmerenUE**  
**Adjustments to Rate Base**  
For the Test Year Ending June 30, 2002  
(In Thousands)

Line No.	Description	Cash Working Capital (St. Ex. 3.0 Sch. 3.1 UE)	Material & Supplies (St. Ex. 3.0 Sch. 3.2 UE)	Customer Deposits (St. Ex. 3.0 Sch. 3.7 UE)	Underground Storage (St. Ex. 4.0 Sch. 4.1 UE)	(Source)	(Source)	(Source)	Total Rate Base Adjustments
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
1	Gross Plant in Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Accumulated Depreciation	-	-	-	-	-	-	-	-
3		-	-	-	-	-	-	-	-
4	Net Plant	-	-	-	-	-	-	-	-
5	Additions to Rate Base								
6	Materials & Supplies	-	(11)	-	-	-	-	-	(11)
7	Gas Stored Underground & Propane	-	-	-	(127)	-	-	-	(127)
8	Cash Working Capital	(928)	-	-	-	-	-	-	(928)
9	Deferred Info System Development	-	-	-	-	-	-	-	-
10		-	-	-	-	-	-	-	-
11		-	-	-	-	-	-	-	-
12		-	-	-	-	-	-	-	-
13		-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15		-	-	-	-	-	-	-	-
16	Deductions From Rate Base	-	-	-	-	-	-	-	-
17	Customer Advances	-	-	-	-	-	-	-	-
18	Customer Deposits	-	-	5	-	-	-	-	5
19	Pre-1971 Investment Tax Credits	-	-	-	-	-	-	-	-
20	Accumulated Deferred Income Taxes	-	-	-	-	-	-	-	-
21		-	-	-	-	-	-	-	-
22		-	-	-	-	-	-	-	-
23	Rate Base	\$ (928)	\$ (11)	\$ 5	\$ (127)	\$ -	\$ -	\$ -	\$ (1,061)

**AmerenUE**  
**Interest Synchronization Adjustment**  
For the Test Year Ending June 30, 2002  
(In Thousands)

Line No.	Description	Amount
	(A)	(B)
1	Gross Plant in Service	\$ 15,783 (1)
2	Weighted Cost of Debt	2.420% (2)
3	Synchronized Interest Per Staff	382
4	Company Interest Expense	<u>371</u> (3)
5	Increase (Decrease) in Interest Expense	<u>11</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 7.300%	\$ <u>(1)</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	\$ <u>(4)</u>

(1) Source: ICC Staff Ex. 1.0, Schedule 1.3 UE, Column (D).

(2) Source: ICC Staff Exhibit 6.0, Schedule 6.1 UE.

(3) Source: Company Schedule C-6.2.

**AmerenUE**  
**Gross Revenue Conversion Factor**  
For the Test Year Ending June 30, 2002  
(In Thousands)

Line No.	Description	Rate	Per Staff With Bad Debts	Per Staff Without Bad Debts
	(A)	(B)	(C)	(D)
1	Revenues		1.000000	
2	Uncollectibles	0.7500%	<u>0.007500</u>	
3	State Taxable Income		0.992500	1.000000
4	State Income Tax	7.3000%	<u>0.072453</u>	<u>0.073000</u>
5	Federal Taxable Income		<u>0.920047</u>	<u>0.927000</u>
6	Federal Income Tax	35.0000%	<u>0.322016</u>	<u>0.324450</u>
7	Operating Income		<u>0.598031</u>	<u>0.602550</u>
8	Gross Revenue Conversion Factor Per Staff		<u>1.672154</u>	<u>1.659613</u>

Union Electric Company  
Outside Services Expense Adjustment  
For the Test Year Ending June 30, 2002  
(In Thousands)

Line No.	Description	Amount
(A)	(B)	(C)
1	Outside Services Expense Per Staff	\$ 93
2	Outside Services Expense Per Company	128
3	Adjustment to A & G Expense	<u>\$ (35)</u>

Source:

Line 1 Company Exhibit UE-063(f) - Revised.  
Line 2 Company Exhibit UE-063(f) - As originally filed.

Union Electric Company  
Rate Case Expense Adjustment  
For the Test Year Ending June 30, 2002  
(In Thousands)

Line No. (A)	Description (B)	Rate Case Expense per Staff (C)	Rate Case Expense per Company (D)	Staff Adjustment (C-D) (E)
1	Legal Fees	\$ 68	\$ 68	
2	Consultants	150	150	
3	Outside Printing	13	13	
4	Company Witnesses Travel Expense	7	7	
5	Unamortized Prior Rate Case Expense	7	39	
6		<u>\$ 244</u>	<u>\$ 276</u>	
7	Amortization Period in Years	5	3	
8	Amortization Expense Per Year (Line 7/Line 8)	<u>\$ 49</u>	<u>\$ 92</u>	<u>\$ (43)</u>

Source:

Column C, Line 5

Company workpaper WPC-3.13b (\$77,779 x 8.87%).

Column D

Company workpaper WPC-3.13a (expense/2).

Union Electric Company  
Wage Expense Adjustment  
For the Test Year Ending June 30, 2002  
(In Thousands)

Line No. (A)	Description (B)	Wage Increase per Staff (C)	Wage Increase per Company (D)	Staff Adjustments	
				Wage Expense (C-D) (E)	Associated Payroll Tax (E*7.65%) (F)
1	Production	\$ 4	\$ 8	\$ (4)	
2	Gas Storage & Processing	-	-	-	
3	Transmission	1	2	(1)	
4	Distribution	34	72	(38)	
5	Other -				
6	Customer Accounts	8	17	(9)	
7	Customer Service	3	6	(3)	
8	Sales	-	1	(1)	
9	Administrative & General	11	26	(15)	
10	Total	<u>\$ 61</u>	<u>\$ 132</u>	<u>\$ (71)</u>	<u>\$ (5)</u>

Source:

Column C, Lines 1-4 UEC workpaper WPC-3.7a, column e1.  
Column C, Line 6-9 UEC workpaper WPC-3.7a, column e2.  
Column D UEC workpaper WPC-3.7a, column h.

Union Electric Company  
Pension Expense Adjustment  
For the Test Year Ending June 30, 2002  
(In Thousands)

Line No.	Description	Pension Expense Per Staff	Pension Expense Per Company Test Year	Pro Forma Adj.	Pension Expense Adjustment (C-D-E)
(A)	(B)	(C)	(D)	(E)	(F)
1	Pension Plans:				
2	Supplemental Excess	\$ -	\$ 10	\$ (1)	\$ (9)
3	Deferred Compensation-Survivor Benefits	-	1	-	(1)
4	Total	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ (1)</u>	<u>\$ (10)</u>

Source:

Column D      UE workpaper WPC-3.10w, 3rd column.  
Column E      UE workpaper WPC-3.10w, last column.

Union Electric Company  
Incentive Compensation Expense Adjustment  
For the Test Year Ending June 30, 2002  
(In Thousands)

Line No. (A)	Description (B)	Incentive Compensation Per Staff (C)	Incentive Compensation Per Company (D)	Staff Adjustments	
				Incentive Comp. Expense (C-D) (E)	Associated Payroll Tax (E*7.65%) (F)
1	Production	\$ -	\$ 6	\$ (6)	
2	Gas Storage & Processing	-	-	-	
3	Transmission	-	1	(1)	
4	Distribution	-	26	(26)	
5	Other -				
6	Customer Accounts	-	6	(6)	
7	Customer Service	-	2	(2)	
8	Sales	-	-	-	
9	Administrative & General	-	17	(17)	
10	Total	<u>\$ -</u>	<u>\$ 58</u>	<u>\$ (58)</u>	<u>\$ (4)</u>

Source:  
Column D

UE workpaper WPC-3.7a, column c.



Union Electric Company  
Early Retirement Labor Expense Adjustment  
For the Test Year Ending June 30, 2002  
(In Thousands)

Line No. (A)	Description (B)	Annualized 2002 Labor (C)	% of Total (D)	Early Retirement Labor Savings Per Staff (E)	Early Retirement Labor Savings Per Company (F)	Staff Adjustments	
						Labor Expense (C-D) (G)	Associated Payroll Tax (G*7.65%) (H)
1	Gas O & M						
2	Production	\$ 118	6%	\$ (9)	\$ -	\$ (9)	
3	Storage	-	0%	-	-	-	
4	Transmission	29	1%	(2)	-	(2)	
5	Distribution	1,187	56%	(92)	-	(92)	
6	Cust. Accounts	284	13%	(22)	-	(22)	
7	Customer Service	94	4%	(7)	-	(7)	
8	Sales	8	0%	(1)	-	(1)	
9	Admin. & General	411	19%	(32)	-	(32)	
10	Total	<u>\$ 2,131</u>	<u>100%</u>	<u>\$ (165)</u>	<u>\$ -</u>	<u>\$ (165)</u>	<u>\$ (13)</u>

Source:

Col. C	UE workpaper WPC-3.7a, col f.
Col. D	Column C/Total Column C.
Col. E, line 10	Supplemental Response to Staff data request UE-069, item 3, p. 7.
Col. E, lines 2-9	Column D x Column E, line 10.